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**CHICAGO METROPOLITAN  
AGENCY FOR PLANNING**

**ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2008**

# CHICAGO METROPOLITAN AGENCY FOR PLANNING

## ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2008 TABLE OF CONTENTS

**DRAFT**

Page

Independent Auditors' Report

1 - 2

### **Required Supplementary Information:**

Management's Discussion and Analysis

3 - 8

### **Basic Financial Statements:**

Government-wide Financial Statements:

Statement of Net Assets

9

Statement of Revenues, Expenses and Changes  
in Net Assets

10

Statement of Cash Flows

11

Fund Financial Statements:

Fiduciary Fund - Statement of Fiduciary Assets and Liabilities

12

Notes to the Financial Statements

13 - 19

### **Required Supplementary Information:**

Illinois Municipal Retirement Fund - Required Supplementary  
Information - Schedule of Funding Progress

20

### **Supplementary Information:**

Statement of Revenues, Expenses and Changes in Net  
Assets - Budget and Actual

21

Schedule of Grant Revenues and Expenses

22 - 23

Computation of Fringe Benefit Rate and Statement of  
Fringe Benefits

24

Computation of Indirect Cost Rate

25

Schedule of Other Indirect Costs

26

Description of Grants

27 - 28

# CHICAGO METROPOLITAN AGENCY FOR PLANNING

## ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2008 TABLE OF CONTENTS



### Other Required Reports:

|  |         |
|--|---------|
| Independent Auditor's Report on Internal Control Over<br>Financial Reporting and on Compliance and Other Matters<br>Based on an Audit of Financial Statements Performed in<br>Accordance with <u>Government Auditing Standards</u> | 29 - 30 |
| Independent Auditor's Report on Compliance With<br>Requirements Applicable to Each Major Program and<br>on Internal Control Over Compliance in Accordance With<br>OMB Circular A-133   | 31 - 32 |
| Schedule of Expenditures of Federal Awards   | 33 - 34 |
| Notes to the Schedule of Expenditures of Federal Awards  | 35      |
| Schedule of Findings and Questioned Costs  | 36 - 40 |
| Corrective Action Plan   | 41      |

DRAFT

## INDEPENDENT AUDITORS' REPORT

To the Honorable Chairman and Board Members  
Chicago Metropolitan Agency for Planning  
233 South Wacker, Suite 800  
Chicago, Illinois 60606

We have audited the accompanying financial statements of the business-type activities and the remaining fund information of the Chicago Metropolitan Agency for Planning as of and for the year ended June 30, 2008, which are identified as the basic financial statements in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the remaining fund information of Chicago Metropolitan Agency for Planning as of June 30, 2008, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated XXXXX XX, 2008, on our consideration of the Chicago Metropolitan Agency for Planning's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.

The Management's Discussion and Analysis, the historical pension information and the budgetary comparison schedule as listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Honorable Chairman and Board Members  
Chicago Metropolitan Agency for Planning

DRAFT

Page Two

Our audits were made for the purpose of forming opinions on the financial statements that collectively comprise the Chicago Metropolitan Agency for Planning's basic financial statements. The supplementary information included is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the Chicago Metropolitan Agency for Planning. The supplementary information and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information as listed in the table of contents has not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Oak Brook, Illinois  
XXXXXXX XX, 2008

# **Chicago Metropolitan Agency for Planning Management's Discussion and Analysis June 30, 2008**

**DRAFT**

## **Background**

The Chicago Metropolitan Agency for Planning (CMAP) was created in 2005 as the comprehensive regional planning organization for the northeastern Illinois counties of Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will. Through the Regional Planning Act (Public Act 094-510) in 2005, there was a merger of the Northeastern Illinois Planning Commission (NIPC) and the Chicago Area Transportation Study (CATS) to create the new Regional Planning Board, which was renamed as CMAP in 2006. The merger was completed at the end of fiscal year 2007. During fiscal year 2007, NIPC was the financial agent for CMAP and NIPC, though the financial statements did not include the full funding and activities for CATS. Management's discussion and analysis reflects the financial record of CMAP for fiscal year 2008 and NIPC for fiscal year 2007.

By state and federal law, CMAP is responsible for producing the region's official, integrated plan for land use and transportation. The agency projects that metropolitan Chicago will gain 2.8 million new residents and 1.8 million jobs in the next three decades. The *GO TO 2040* planning campaign will develop and implement strategies to address that projected growth. Scheduled for completion in 2010, the plan will shape the region's transportation system and development patterns, while also addressing the natural environment, economic development, housing, education, human services and other factors shaping quality of life. See [www.cmap.illinois.gov](http://www.cmap.illinois.gov) and [www.goto2040.org](http://www.goto2040.org) for more information.

CMAP has published an annual report highlighting the accomplishments for fiscal year 2008. A copy of the CMAP annual report can be obtained at [www.cmap.illinois.gov](http://www.cmap.illinois.gov).

## **Management's Discussion and Analysis**

This section of CMAP's financial statements presents management's discussion and analysis (MD&A) of the financial activities of CMAP during the fiscal year ended June 30, 2008. Please read it in conjunction with the basic financial statements, including the accompanying notes to financial statements, which follow this section.

## **Financial Highlights**

- The 2008 financial statements, as noted above, reflect the first fiscal year of full operation of CMAP.
- In Management's discussion and analysis, the fiscal year 2007 reflects only expenditures from NIPC and a partial CMAP. Some of the CATS expenditures were paid directly by the Illinois Department of Transportation (IDOT).

## **Government-wide Financial Statements**

The two main components to the government-wide financial statements are: (1) the statement of net assets and (2) the statement of revenues, expenses and changes in net assets. These are the two major statements that are analyzed in terms of obtaining a broad overview of the finances, value and annual operations of CMAP.

**Chicago Metropolitan Agency for Planning  
Management's Discussion and Analysis  
June 30, 2008**

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Generally, governmental-wide statements can present two different components: governmental activities, which are operations primarily supported by tax revenues, and business-type activities, which are those activities that are self-funded. All the operations of CMAP are considered to be business-type activities.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. CMAP uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. CMAP is unique to many governments since it is an entity with only one fund, proprietary in nature.

**Notes to the financial statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the entity-wide and fund financial statements.

**Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

**Government-wide Financial Analysis**

Net assets may serve over time as a useful indicator of the entity's financial position. The following tables highlight the increase in net assets of the entity from \$290,608 for June 30, 2007 to \$1,225,453 as of June 30, 2008.

**Chicago Metropolitan Agency for Planning  
Management's Discussion and Analysis  
June 30, 2008**

**DRAFT**

**Table 1**  
**Condensed Statement of Net Assets**  
**(in thousands)**

|  | <b>Business-type<br/>Activities</b> |                |
|--|-------------------------------------|----------------|
|  | 2008                                | 2007           |
| Current and other assets                   | \$3,274                             | \$3,512        |
| Capital assets                             | <u>1,019</u>                        | <u>790</u>     |
| Total assets                               | <u>4,293</u>                        | <u>4,302</u>   |
| Other liabilities                          | <u>\$3,067</u>                      | <u>\$4,011</u> |
| Total liabilities                          | <u>3,067</u>                        | <u>4,011</u>   |
| Net assets                                 |                                     |                |
| Invested in capital assets,<br>net of debt | \$1,019                             | \$ 790         |
| Restricted                                 | 248                                 | 152            |
| Unrestricted                               | <u>-41</u>                          | <u>-651</u>    |
| Total net assets, as restated              | <u>\$1,226</u>                      | <u>\$291</u>   |

The statement of net assets is a snapshot as of the end of the fiscal year, reporting information on all CMAP assets and liabilities, with the difference between the two reported as net assets. The net assets may serve over time as a useful indicator of whether the financial position of an organization is improving or deteriorating. The assets of CMAP exceeded liabilities by \$1,225,453 as of June 30, 2008, as compared to net assets of \$290,608 as of June 30, 2007, an increase of \$934,845 or 321.7%. The largest component of net assets reflects CMAP's investment in capital assets (e.g. furniture, equipment and software). Restricted net assets represent those grant projects that have provided advance funds for restricted purposes.

NIPC entered into a new office lease in the fiscal year ended June 30, 2006. As an incentive to enter into the lease, NIPC was granted rent abatements for certain months throughout the term of the lease, including the first twelve months of the lease and two months of this fiscal year. The benefit of these abatements is being recognized evenly over the life of the lease. Consequently, a liability is reported ("unearned rent credit") for the portion of the abatements received since the beginning of the lease that will be recognized over the remaining lease term. As part of the enabling legislation, CMAP assumed all of NIPC obligations and is now responsible for the office lease.

The largest component of the assets is receivables, which consist primarily of amounts due under grant agreements (\$2,847,610 and \$2,403,708 at June 30, 2008 and 2007, respectively), and amounts due from other local government agencies in the form of annual contributions (\$50,000 and \$342,585 at June 30, 2008 and 2007, respectively).



**Chicago Metropolitan Agency for Planning  
Management's Discussion and Analysis  
June 30, 2008**

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The largest components of the total liabilities are accounts payable, which had a balance of \$1,089,474 and \$2,190,301 at June 30, 2008 and 2007, respectively, and the value of the rent abatement of \$1,279,096 and \$1,174,940 on June 30, 2008 and 2007, respectively. The higher amount of accounts payable in 2007 was a result of withholding of funds by IDOT.

**Chicago Metropolitan Agency for Planning  
Management's Discussion and Analysis  
June 30, 2008**

**DRAFT**

| <b>Table 2<br/>Changes in Net Assets<br/>(in thousands)</b> |               |                       |               |                   |
|---|---------------|-----------------------|---------------|-------------------|
|   | <b>2008</b>   | <b>% of<br/>Total</b> | <b>2007</b>   | <b>% of Total</b> |
| Operating revenues  |               |                       |               |                   |
| Grant revenue   |               |                       |               |                   |
| Federal   | \$10,848      | 66                    | \$7,003       | 60                |
| State   | 573           | 3                     | 1,445         | 12                |
| Other   | 1,300         | 8                     | 1,634         | 14                |
| Comprehensive Regional Planning Fund                        | 3,500         | 21                    | -             | -                 |
| Contributions   | 109           | 1                     | 1,125         | 9                 |
| Miscellaneous   | <u>137</u>    | <u>1</u>              | <u>533</u>    | <u>5</u>          |
| Total Operating revenues                                    | <u>16,467</u> | <u>100%</u>           | <u>11,740</u> | <u>100%</u>       |
| Operating expenses  |               |                       |               |                   |
| Personnel services  | 7,902         | 52                    | 5,031         | 44                |
| Operating expenses  | 531           | 3                     | 488           | 4                 |
| Commodities   | 749           | 5                     | 160           | 1                 |
| In-kind expenses  | 760           | 5                     | 1,181         | 10                |
| Professional services                                       | 160           | 1                     | 78            | 1                 |
| Contractual services  | 1,307         | 8                     | 1,292         | 11                |
| Subcontractor expense                                       | 3,675         | 24                    | 3,292         | 28                |
| Miscellaneous   | <u>236</u>    | <u>2</u>              | <u>166</u>    | <u>1</u>          |
| Total operating expenses                                    | <u>15,320</u> | <u>100%</u>           | <u>11,688</u> | <u>100%</u>       |
| Non-operating income  |               |                       |               |                   |
| Interest  | <u>18</u>     | 100%                  | <u>66</u>     | 100%              |
| Total Non-operating income                                  | <u>18</u>     | 100%                  | <u>66</u>     | 100%              |
| Non-operating expenses                                      |               |                       |               |                   |
| Depreciation and amortization                               | 162           | 70                    | 107           | 98                |
| Bad debt expense  | 51            | 22                    | -             | -                 |
| Interest expense  | <u>17</u>     | <u>8</u>              | <u>2</u>      | <u>2</u>          |
| Total non-operating expenses                                | <u>230</u>    | <u>100%</u>           | <u>109</u>    | <u>100%</u>       |
| Increase in net assets                                      | <u>\$935</u>  |                       | <u>\$ 9</u>   |                   |

# **Chicago Metropolitan Agency for Planning Management's Discussion and Analysis June 30, 2008**

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The largest component of operating revenues is federal grants. The federal grants are passed to CMAP through the appropriate state agency—primarily Illinois Department of Transportation and Illinois Environmental Protection Agency. The federal and state grants of \$11,420,889 and \$8,446,458 at June 30, 2008 and 2007, respectively, increased by \$2,974,431, or 35%. The increase is a reflection of the completion of the merger of CATS and NIPC. In fiscal year 2007, some of the federal funds were provided directly from IDOT for the CATS employees, who had not transferred to CMAP.

In 2007, the Regional Planning Act was amended and included the creation of the Comprehensive Regional Planning Fund (CRPF). The CRPF distributes 70% of its annual General Revenue Fund allocation to CMAP. The CRPF is used for matching grant funds and other comprehensive regional planning purposes.

The operating expenses of \$15,320,340 and \$11,687,700 at June 30, 2008 and 2007, respectively, increased by \$3,632,640 or 31%.

## **Capital Assets**

The capital assets are the furniture, office equipment and software owned by CMAP. The capital assets of \$1,019,048 and \$789,954 at June 30, 2008 and 2007, respectively, increased by \$229,094, or 29%.

## **Summary and Future Considerations**

In 2007, CMAP initiated the development of the Regional Comprehensive Plan, now known as the *GO TO 2040* plan. The plan will guide growth and investment for Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will Counties for the rest of this century. In addition to land use and transportation, *GO TO 2040* also addresses the full range of quality-of-life issues, including the natural environment, economic development, housing, and human services such as education, health care and other social services.

## **Requests for Information**

The financial report is designed to provide a general overview of the financial operations of the Chicago Metropolitan Agency for Planning. Questions concerning any of the information in this report or requests for additional information should be sent to the Deputy Executive Director for Finance and Administration, Chicago Metropolitan Agency for Planning, 233 South Wacker Drive, 8<sup>th</sup> Floor, Chicago, Illinois 60606.

# CHICAGO METROPOLITAN AGENCY FOR PLANNING

## STATEMENT OF NET ASSETS

JUNE 30, 2008

**DRAFT**  
Business-type  
Activities

### Assets

|   |                  |
|---|------------------|
| Cash and cash equivalents                       | \$ 348,822       |
| Receivables                                     | 2,897,610        |
| Prepaid expenses                                | 27,435           |
| Capital assets, net of accumulated depreciation | <u>1,019,048</u> |
| <b>Total assets</b>                             | <u>4,292,915</u> |

### Liabilities

|                              |                  |
|------------------------------|------------------|
| Accounts payable             | 1,089,474        |
| Accrued payroll              | 403,771          |
| Compensated absences payable | 295,121          |
| Rent abatement               | <u>1,279,096</u> |
| <b>Total liabilities</b>     | <u>3,067,462</u> |

### Net Assets

|   |                     |
|---|---------------------|
| Invested in capital assets, net of related debt | 1,019,048           |
| Restricted for grant projects                   | 247,436             |
| Unrestricted                                    | <u>(41,031)</u>     |
| <b>Total net assets</b>                         | <u>\$ 1,225,453</u> |

See accompanying notes to financial statements.

**CHICAGO METROPOLITAN AGENCY FOR PLANNING**  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSTS  
FOR THE YEAR ENDED JUNE 30, 2008

**DRAFT**  
Business-type  
Activities

|                                      |                            |
|--------------------------------------|----------------------------|
| Operating revenues:                  |                            |
| Grant revenue:                       |                            |
| Federal                              | \$ 10,847,770              |
| State                                | 573,119                    |
| Other                                | 1,300,429                  |
| Comprehensive Regional Planning Fund | 3,500,000                  |
| Contributions                        | 108,976                    |
| Miscellaneous                        | <u>137,159</u>             |
| <b>Total operating revenues</b>      | <u><b>16,467,453</b></u>   |
| Operating expenses:                  |                            |
| Personnel services                   | 7,901,920                  |
| Operating expenses                   | 531,593                    |
| Commodities                          | 748,764                    |
| In-kind expenses                     | 760,313                    |
| Professional services                | 159,623                    |
| Contractual services                 | 1,307,250                  |
| Subcontractor expense                | 3,674,803                  |
| Miscellaneous                        | <u>236,074</u>             |
| <b>Total operating expenses</b>      | <u><b>15,320,340</b></u>   |
| <b>Operating income</b>              | <u><b>1,147,113</b></u>    |
| Nonoperating revenue (expense):      |                            |
| Depreciation and amortization        | (161,933)                  |
| Bad debt expense                     | (51,309)                   |
| Interest income                      | 17,799                     |
| Interest expense                     | <u>(16,825)</u>            |
| <b>Total nonoperating expense</b>    | <u><b>(212,268)</b></u>    |
| Change in net assets                 | 934,845                    |
| Net assets, beginning of the year    | <u>290,608</u>             |
| Net assets, end of the year          | <u><b>\$ 1,225,453</b></u> |

See accompanying notes to financial statements.

# CHICAGO METROPOLITAN AGENCY FOR PLANNING

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2008

**DRAFT** Business-type  
Activities

### Cash flows from operating activities:

|  |             |
|--|-------------|
| Received from other local governments    | \$ 246,135  |
| Received from operating grants           | 15,271,146  |
| Paid to suppliers for goods and services | (7,523,598) |
| Paid to employees for services           | (7,670,546) |

**Net cash flows from operating activities** 323,137

### Cash flows from investing activities:

Investment income 17,799

### Cash flows from capital and related financing activities:

Acquisition of capital assets (498,916)

### Cash flows from noncapital financing activities:

|                                 |           |
|---------------------------------|-----------|
| Proceeds from line of credit    | 330,000   |
| Repayment of a line of credit   | (495,000) |
| Interest paid on line of credit | (16,825)  |

**Net cash flows used in noncapital financing activities** (181,825)

**Net change in cash and cash equivalents** (339,805)

**Cash and cash equivalents, beginning of the year** 688,627

**Cash and cash equivalents, end of the year** \$ 348,822

### Reconciliation of operating income to net cash flows from operating activities:

Operating income \$ 1,147,113

Adjustments to reconcile operating loss to net  
cash flows from operating activities:

#### Changes in:

|                              |             |
|------------------------------|-------------|
| Receivables                  | (176,687)   |
| Prepaid expenses             | 23,291      |
| Accounts payable             | (1,100,827) |
| Accrued payroll              | 126,783     |
| Compensated absences payable | 104,591     |
| Deferred revenue             | (13,170)    |
| Deferred rent credit         | 212,043     |

**Net cash flows from operating activities** \$ 323,137

### Noncash operating activities:

Contribution of subcontractor services \$ 760,313

See accompanying notes to financial statements.

# CHICAGO METROPOLITAN AGENCY FOR PLANNING

## STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

### FIDUCIARY FUND

FOR THE YEAR ENDED JUNE 30, 2008

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#### Assets

|                           |           |
|---------------------------|-----------|
| Cash and cash equivalents | \$ 63,215 |
|---------------------------|-----------|

#### Liabilities

|                          |           |
|--------------------------|-----------|
| Deposits held for others | \$ 63,215 |
|--------------------------|-----------|

|                   |           |
|-------------------|-----------|
| Total Liabilities | \$ 63,215 |
|-------------------|-----------|

See accompanying notes to financial statements.

# CHICAGO METROPOLITAN AGENCY FOR PLANNING

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On August 8, 2005, Illinois state legislature approved the Regional Planning Act to create a Regional Planning Board, also known as the Chicago Metropolitan Agency for Planning (the Agency). The Act called for the merger of the functions of the Chicago Area Transportation Study ("CATS"), the region's federally designated metropolitan planning organization, and the Northeastern Illinois Planning Commission. Effective July 1, 2007, these entities were merged to form the Agency. These financial statements for the Agency reflect this broadened organization. No assets, liabilities and net assets from CATS were acquired or combined as a result of the merger. Before the merger, CATS was supported entirely by the Illinois Department of Transportation.

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements report information on all the activities of the Agency. The accounts of the Agency are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose, and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The Agency utilizes a single proprietary fund (enterprise fund) to account for its operations. The Agency also maintains a fiduciary fund (agency fund) to account for contributions received and deposited on behalf of the Phillip D. Peters Foundation. Fiduciary funds are excluded from the government-wide financial statements.

Proprietary funds are accounted for on the flow of economic resources measurement focus, and use the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred. The Agency accounts for operating expenses by project activity and cost category. Indirect expenses are allocated to projects based on a percentage of direct payroll (Note 4). The Agency applies all applicable FASB pronouncements issued before November 30, 1989 in accounting and reporting for its proprietary operations, to the extent that those standards do not contradict the guidance of the Government Accounting Standards Board. Proprietary funds include the following fund type:

Enterprise Fund – Used to account for those operations that are financed and operated in a manner similar to private business, or where the Board has decided that the intent is that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.



# CHICAGO METROPOLITAN AGENCY FOR PLANNING

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

DRAFT

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Additionally, the Agency reports the following fund type:

Agency Fund – Used to report resources held by the Agency in a purely custodial capacity (assets equal liabilities).

Net assets are classified into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in Capital Assets, Net of Related Debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net assets consists of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

#### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Cash and Cash Equivalents

For purposes of the statements of cash flows, the Agency considers all highly liquid investments, including bank money market accounts and Illinois Funds accounts, to be cash equivalents.

#### Federal and State Agency Grant Revenues

Project funds authorized under federal and state agency grants are requisitioned from such agencies, either on an advance basis, or for reimbursement of eligible costs incurred, up to maximum amounts of established under each grant. Revenues are generally recognized as eligible costs or requirements are incurred or met. A local matching contribution is required for many federal and state grants. The Agency requests, and has been successful in the past in obtaining, contributions from local government agencies to provide for the local matching portion of the grants. Such contributions are generally recognized as revenue when received. Grants receivable represent amounts earned under grant agreements but not yet received. The balance in grants receivable was \$2,847,610 at June 30, 2008.

# CHICAGO METROPOLITAN AGENCY FOR PLANNING

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

**DRAFT**

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

#### Accounts Receivable

Accounts receivable, which represent amounts due from other local governments in the form of an annual contribution or as payment for services, totaled \$50,000 at June 30, 2008. Grants receivable was \$2,847,610, for a total receivable balance of \$2,897,610. Accounts receivable are stated at the amount billed to the customer. The Agency does not charge interest or late fees on amounts past due. Accounts past due over 90 days at June 30, 2008 totaled \$62,814. The Agency has determined that an allowance for doubtful accounts is not necessary at June 30, 2008, based on management's evaluation of the aged accounts receivable. This evaluation of the collectibility of accounts receivable is based on past experience, known and inherent risks in the accounts, adverse situations that may affect the borrower's ability to repay, and current economic conditions. Accounts deemed uncollectible are charged to expense.

#### Capital Assets

Capital assets, which consist of office equipment, furniture and fixtures, and leasehold improvements with an initial cost of greater than \$3,000 and a useful life greater than one year, are reported in the government-wide financial statements. Capital assets are capitalized at cost or estimated fair value if donated. Major additions are capitalized, while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed in the period incurred. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed.

Depreciation has been provided on the straight-line method over the estimated useful lives of the assets, as follows:

|                        |              |
|------------------------|--------------|
| Furniture and fixtures | 5 – 10 years |
| Office equipment       | 3 – 6 years  |
| Software               | 3 years      |

Leasehold improvements had been amortized using the straight-line method over the term of the related leases.

#### Compensated Absences Payable

The Agency accrues for vesting and accumulating unused sick leave and vacation time. Sick leave is earned at a rate of 1 day per month for full-time employees, and a pro-rated amount for regular part-time staff based on the percentage of time worked. There is no limit on the overall amount of sick leave that can be accrued. Upon termination, the sick leave accrued balance will be credited towards pension service, in accordance with the guidelines of the Illinois Municipal Retirement Fund. Vacation is earned by full-time employees at a rate of 1 day per month for the first three years, 1.33 days per month for the next three years, and 1.66 days per month thereafter. Up to 30 days of unused vacation can be carried forward. Vacation must be used within 18 months of when it is earned, unless approved by the Executive Director. Compensated absences payable at June 30, 2008 were \$295,121.

# CHICAGO METROPOLITAN AGENCY FOR PLANNING

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

**DRAFT**

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

#### Deferred Rent Credit

The Agency has recognized a liability for the rent abatements received in the current year under the new office lease, and will recognize the benefit of the current and future rent abatement over the life of the lease.

#### Tax Status

The Agency is exempt from federal and state income taxes under Internal Revenue Code Sections 115(a)(1) and 170(c)(1).

### NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### Budget

The Executive Director presents an annual operating budget, first to the Finance Committee, and later to the full Board of Directors. The Board approves the budget prior to the beginning of the fiscal year. The budget can only be amended at the Board level. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The various funding sources have different beginning and ending dates funding the activities. The budget was amended in the current year.

### NOTE 3 – DETAILED NOTES ON ALL FUNDS

#### Deposits

At June 30, 2008, the carrying amount of the Agency's deposits with local financial institutions was \$348,822, and the bank balance was \$684,232. The Agency also had deposits in the Illinois Funds, including those recorded in the agency fund, with a carrying amount and bank balance of \$360,331. In addition, cash on hand totaled \$300.

*Interest Rate Risk.* This is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Illinois Funds of \$296,998 and \$63,333 in the business-type and fiduciary funds, respectively, were exposed to interest rate risk at June 30, 2008.

*Custodial Credit Risk.* For deposits, this is the risk that, in the event of a bank failure, a government will not be able to recover its deposits. At June 30, 2008, a total of \$583,932 of the Agency's deposits was exposed to custodial credit risk because it was uninsured and uncollateralized. The Illinois Funds is a money market fund created in 1975 by the Illinois General Assembly to provide custodians of public funds with an alternate investment vehicle which enables them to earn a competitive rate of return on fully collateralized investments, while maintaining immediate access to invested funds. Because these investments are fully collateralized, there is no exposure to custodial credit risk.

*Credit Risk.* Generally, credit risk is the risk that an issuer of a debt type instrument will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Agency is not exposed to credit risk.

# CHICAGO METROPOLITAN AGENCY FOR PLANNING

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

**DRAFT**

### NOTE 3 – DETAILED NOTES ON ALL FUNDS – (CONTINUED)

#### Capital Assets

Capital asset activity for the year ended June 30, 2008, is as follows:

|  | <i>Beginning<br/>Balance</i> | <i>Increases</i>  | <i>Decreases</i> | <i>Balance</i>      |
|--|------------------------------|-------------------|------------------|---------------------|
| Capital assets being depreciated:      |                              |                   |                  |                     |
| Furniture                              | \$ 904,269                   | \$ -              | \$ -             | \$ 904,269          |
| Office equipment                       | 282,963                      | 231,250           | -                | 514,213             |
| Software                               | 79,862                       | 267,665           | -                | 347,527             |
| Total capital assets being depreciated | <u>1,267,094</u>             | <u>498,915</u>    | <u>-</u>         | <u>1,766,009</u>    |
| Less accumulated depreciation for:     |                              |                   |                  |                     |
| Furniture                              | 271,038                      | 135,519           | -                | 406,557             |
| Office equipment                       | 176,440                      | 91,563            | -                | 268,003             |
| Software                               | 29,662                       | 42,739            | -                | 72,401              |
| Total accumulated depreciation         | <u>477,140</u>               | <u>269,821</u>    | <u>-</u>         | <u>746,961</u>      |
| Total capital assets, net              | <u>\$ 789,954</u>            | <u>\$ 229,094</u> | <u>\$ -</u>      | <u>\$ 1,019,048</u> |

#### Notes Payable

The Agency established a line of credit with Bank of America that allowed for borrowings of up to \$600,000. The balance on the line of credit at the beginning of the year was \$165,000. During 2008, the Agency had borrowings against the line of credit of \$330,000 and repayments of \$495,000. The principal balance outstanding at June 30, 2008 was \$0. Interest is payable monthly at the prime lending rate (5.00% at June 30, 2008). Interest expensed and paid in the current year totaled \$16,825. All borrowed funds are secured by a commercial security agreement, granting the bank a security interest in substantially all assets of the Agency. The line of credit matures December 30, 2008.

#### Operating Lease Commitments

The Agency conducts its operations in facilities rented under a noncancelable operation lease entered into September 1, 2005. The lease period extends through August 31, 2020. Under the Agency's agreement with the landlord, the landlord abated the rent for the first twelve months of the term of the lease and months 23, 24, 37, 38, 39, 49, 50, and 51. The Agency will recognize the benefit of the rent abatements over the life of the lease. The following schedule reflects the Agency's gross commitment for the future minimum annual rental payments. The schedule of future minimum lease payments shown below does not reflect the proportionate share of any increase in expenses or taxes for those years.

# CHICAGO METROPOLITAN AGENCY FOR PLANNING

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

**DRAFT**

### NOTE 3 – DETAILED NOTES ON ALL FUNDS – (CONTINUED)

| <i>Year Ending June 30,</i> | <i>Agency Payments</i> |
|-----------------------------|------------------------|
| 2009                        | \$ 988,815             |
| 2010                        | 1,008,288              |
| 2011                        | 1,371,791              |
| 2012                        | 1,397,756              |
| 2013                        | 1,445,358              |
| 2014-2018                   | 7,637,891              |
| 2019-2021                   | 3,509,534              |
| Total                       | <u>\$ 17,359,433</u>   |

### NOTE 4 – OTHER INFORMATION

#### ***Illinois Municipal Retirement Fund ("IMRF")***

The Agency's defined benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at [www.imrf.org/pubs/pubs\\_homepage.htm](http://www.imrf.org/pubs/pubs_homepage.htm) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The Agency is required to contribute at an actuarially determined rate. The employer rate for calendar year 2007 was 14.33 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed bases (overfunded liability amortized on open basis). The amortization period at December 31, 2007 was 10 years.

For December 31, 2007, 2006, and 2005, the Agency's annual pension cost of \$69,537; \$357,443; and \$77,823, respectively, was equal to the Agency's required and actual contributions. The required contribution was determined as part of the December 31, 2005, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2007 actuarial valuation were based on the 2002-2004 experience study.

# CHICAGO METROPOLITAN AGENCY FOR PLANNING

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

**DRAFT**

### NOTE 4 – OTHER INFORMATION – (CONTINUED)

As of December 31, 2007, the most recent actuarial valuation date, the Regular plan was 64.63 percent funded. The actuarial accrued liability for benefits was \$5,375,503 and the actuarial value of assets was \$3,474,352, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,901,151. The covered payroll (annual payroll of active employees covered by the plan) was \$485,253 and the ratio of the UALL to the covered payroll was 392 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### ***Risk Management***

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; illness of employees and natural disasters. Those risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

#### ***ICMA Deferred Compensation Plan***

The Agency offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees of the Agency, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. A third party administrator manages the plan. The assets of the ICMA deferred compensation plan were placed in trust accounts with the plan administrator, for the exclusive benefit of participants and their beneficiaries, and are not considered assets of the Agency.

#### ***Indirect Cost***

To facilitate equitable distribution of common purpose costs that benefit more than one direct cost objective, the Agency has established an agency-wide indirect cost allocation plan. Rates are based on a percentage of direct wages.

#### ***Contingencies***

The Agency has received significant financial assistance from federal and state agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and may be subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Agency. The Agency is not aware of any disallowed claims.

# CHICAGO METROPOLITAN AGENCY FOR PLANNING

## ILLINOIS MUNICIPAL RETIREMENT FUND REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF FUNDING PROGRESS

JUNE 30, 2008

**DRAFT**

| Actuarial<br>Valuation<br>Date | Annual<br>Pension<br>Cost (APC) | Percentage<br>of APC<br>Contributed | Net<br>Pension<br>Obligation |  |  |  |
|--------------------------------|---------------------------------|-------------------------------------|------------------------------|--|--|--|
| 12/31/2007                     | \$ 69,537                       | 100%                                | \$ -                         |  |  |  |
| 12/31/2006                     | 357,443                         | 100%                                | -                            |  |  |  |
| 12/31/2005                     | 77,823                          | 100%                                | -                            |  |  |  |

  

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets | Actuarial<br>Accrued<br>Liability<br>(AAL) -<br>Entry Age | Unfunded<br>AAL<br>(UAAL) | Funded<br>Ratio | Covered<br>Payroll | UAAL as a<br>Percentage<br>of Covered<br>Payroll |
|--------------------------------|---------------------------------|---|---------------------------|-----------------|--------------------|--|
| 12/31/2007                     | \$ 3,474,352                    | \$ 5,375,503  | \$ 1,901,151              | 64.63%          | \$ 485,253 *       | 391.79% *  |
| 12/31/2006                     | 3,134,172                       | 4,366,139   | 1,231,967                 | 71.78%          | 2,578,591          | 47.78%   |
| 12/31/2005                     | 3,200,939                       | 4,540,094   | 1,339,155                 | 70.50%          | 2,179,916          | 61.43%   |
| 12/31/2004                     | 2,843,275                       | 4,055,024   | 1,211,749                 | 70.12%          | 2,011,265          | 60.25%   |
| 12/31/2003                     | 9,675,387                       | 8,949,358   | (726,029)                 | 108.11%         | 2,429,461          | 0.00%  |
| 12/31/2002                     | 9,906,234                       | 8,176,101   | (1,730,133)               | 121.16%         | 2,325,472          | 0.00%  |

\*IMRF has only included the December 2007 covered payroll portion for CMAP and has not reflected any former NIPC payroll amounts for other months of the year.

On a market value basis, the actuarial value of assets as of December 31, 2007 is \$2,750,284. On a market basis, the funded ratio would be 51.16%.

#### Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2007 are based on the 2002 - 2004 experience study.

The principal changes were:

- The 1994 Group Annuity Mortality was implemented.
- For Regular members, fewer normal and early retirements are expected to occur.

See independent auditor's report.

**CHICAGO METROPOLITAN AGENCY FOR PLANNING**  
**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2008**

**DRAFT**

|   | Original<br>Budget  | Final<br>Budget       | Actual              |
|---|---------------------|-----------------------|---------------------|
| <b>Revenues:</b>  |                     |                       |                     |
| Grants  | \$ 10,506,800       | \$ 11,195,200         | \$ 11,961,005       |
| Comprehensive Regional Planning Fund                    | 3,500,000           | 3,500,000             | 3,500,000           |
| Contributions   | 269,500             | 358,000               | 108,976             |
| Product sales, fees, and interest income                | 291,000             | 136,300               | 154,958             |
| In-kind contributions                                   | 865,300             | 669,000               | 760,313             |
| <b>Total revenues</b>                                   | <u>15,432,600</u>   | <u>15,858,500</u>     | <u>16,485,252</u>   |
| <b>Expenses:</b>  |                     |                       |                     |
| Personnel services                                      | 3,731,373           | 7,818,000             | 7,910,450           |
| Operating expenses                                      | 642,975             | 1,913,000             | 1,942,960           |
| Commodities   | 326,772             | 1,389,000             | 935,860             |
| In-kind services  | 365,593             | 669,000               | 760,313             |
| Non-capitalized expenses, depreciation and amortization | 69,292              | 480,000               | 257,887             |
| Subcontracts  | 1,298,032           | 5,314,800             | 3,674,803           |
| Nongrant supported expenses                             | -                   | -                     | 51,309              |
| Interest expense  | -                   | -                     | 16,825              |
| <b>Total expenses</b>                                   | <u>6,434,037</u>    | <u>17,583,800</u>     | <u>15,550,407</u>   |
| <b>Change in net assets</b>                             | <u>\$ 8,998,563</u> | <u>\$ (1,725,300)</u> | <u>\$ 934,845</u>   |
| <b>Net assets, beginning of the year</b>                |                     |                       | <u>290,608</u>      |
| <b>Net assets, end of the year</b>                      |                     |                       | <u>\$ 1,225,453</u> |

See independent auditor's report.



**CHICAGO METROPOLITAN AGENCY FOR PLANNING**  
**SCHEDULE OF GRANT REVENUES, EXPENDITURES AND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2008**

**DRAFT**  
Total

| Grant.<br>No. | Grantor              | Grant Period |            | Project    | Grant     |
|---------------|----------------------|--------------|------------|------------|-----------|
|               |                      | From         | To         | Amount     | Amount    |
| S-615         | Cook Co. Forest PD   | 7/1/2003     | 12/31/2007 | 173,840    | 173,840   |
| S-622         | IEPA                 | 3/23/2006    | 7/15/2007  | 67,922     | 67,922    |
| S-636         | IEPA                 | 7/1/2004     | 7/31/2007  | 2,040,638  | 1,224,341 |
| S-639         | IEPA                 | 7/1/2004     | 3/31/2008  | 393,406    | 269,500   |
| S-643         | IEPA                 | 7/1/2004     | 7/15/2007  | 494,783    | 313,286   |
| S-656         | IEPA                 | 7/18/2005    | 7/31/2007  | 87,395     | 52,395    |
| S-658         | ICF                  | 10/19/2005   | 12/31/2007 | 59,205     | 29,210    |
| S-660         | MacArthur Foundation | 1/1/2006     | 12/31/2007 | 360,000    | 360,000   |
| S-664         | IDNR                 | 3/22/2006    | 6/30/2008  | 69,000     | 25,000    |
| S-665         | IDNR                 | 4/10/2006    | 12/31/2008 | 87,380     | 44,139    |
| S-673         | IEPA                 | 7/5/2006     | 8/31/2007  | 225,000    | 130,898   |
| S-674         | IEPA                 | 7/1/2006     | 7/15/2008  | 3,350,253  | 2,000,000 |
| S-677         | IIT                  | 5/1/2005     | 4/30/2008  | 21,000     | 21,000    |
| S-678         | MacArthur Foundation | 7/1/2006     | 6/30/2009  | 600,000    | 600,000   |
| S-682         | IDNR                 | 7/1/2006     | 6/30/2009  | 1,140,000  | 1,140,000 |
| S-683         | ICF                  | 7/1/2006     | 12/31/2007 | 11,433     | 7,206     |
| S-684         | NWIRPC               | 1/25/2007    | 6/30/2008  | 500,000    | 500,000   |
| S-686         | IEPA                 | 3/2/2007     | 9/30/2008  | 218,127    | 130,876   |
| S-687         | IEPA                 | 8/28/2007    | 12/31/2008 | 112,500    | 112,500   |
| S-688         | IDOT                 | 7/1/2007     | 6/30/2008  | 10,248,483 | 8,198,786 |
| S-689         | ICF                  | 8/1/2007     | 12/31/2007 | 27,802     | 27,802    |
| S-690         | IDOT                 | 7/1/2007     | 6/30/2008  | 1,461,785  | 1,169,428 |
| S-691         | IDOT                 | 7/1/2007     | 6/30/2009  | 2,406,800  | 2,055,800 |
| S-692         | IEPA                 | 7/20/2007    | 6/30/2008  | 138,600    | 138,600   |
| S-693         | Will County          | 7/13/2007    | 1/15/2009  | 76,841     | 76,841    |
| S-694         | IDOT                 | 7/23/2007    | open       | 110,000    | 110,000   |
| S-695         | USEPA                | 8/20/2007    | 9/30/2009  | 152,134    | 119,884   |

| GRANT RECEIPTS             |                   |                         |        |                                 | EXPENDITURES                   |                      |                               | Status |
|----------------------------|-------------------|-------------------------|--------|---------------------------------|--------------------------------|----------------------|-------------------------------|--------|
| Prior<br>FY 08<br>Receipts | FY 08<br>Receipts | Receivable<br>6/30/2008 | Refund | Remaining<br>Grant<br>6/30/2008 | Prior<br>FY 08<br>Expenditures | FY 08<br>Expenditure | Grant<br>Balance<br>6/30/2007 |        |
| 86,216                     | 3,354             | 435                     | -      | 83,835                          | 87,876                         | 2,129                | 83,835                        |        |
| 19,735                     | 32,824            | -                       | -      | 15,363                          | 40,474                         | 12,085               | 15,363                        | Closed |
| 975,255                    | 236,926           | -                       | -      | 12,160                          | 1,183,233                      | 28,947               | 12,160                        | Closed |
| 82,900                     | 175,055           | -                       | -      | 11,545                          | 143,814                        | 114,141              | 11,545                        | Closed |
| 58,932                     | 216,429           | -                       | -      | 37,925                          | 275,361                        | -                    | 37,925                        | Closed |
| 30,000                     | 22,003            | -                       | -      | 392                             | 47,936                         | 4,067                | 392                           | Closed |
| 7,624                      | 2,785             | 13,364                  | -      | 5,437                           | 10,409                         | 13,364               | 5,437                         |        |
| 360,000                    | -                 | -                       | -      | -                               | 325,597                        | 34,691               | (288)                         | Closed |
| 18,911                     | 5,547             | 542                     | -      | 0                               | 20,001                         | 4,999                | 0                             |        |
| 17,656                     | 4,991             | 1,266                   | -      | 20,227                          | 17,656                         | 6,257                | 20,227                        |        |
| -                          | 103,977           | -                       | -      | 26,921                          | 6,877                          | 97,100               | 26,921                        | Closed |
| 23,659                     | 228,034           | 46,775                  | -      | 1,701,532                       | 28,980                         | 269,488              | 1,701,532                     |        |
| 2,575                      | 75                | -                       | -      | 18,350                          | 2,650                          | -                    | 18,350                        | Closed |
| 200,000                    | 200,000           | 200,000                 | -      | -                               | 270,516                        | 139,530              | 189,954                       |        |
| 300,000                    | 450,000           | -                       | -      | 390,000                         | 148,536                        | 354,028              | 637,436                       |        |
| 3,943                      | 3,253             | -                       | -      | 10                              | 3,943                          | 3,253                | 10                            | Closed |
| 500,000                    | -                 | -                       | -      | -                               | 164,122                        | 335,878              | -                             | Closed |
| -                          | 52,108            | 30,366                  | -      | 48,402                          | 5,750                          | 76,725               | 48,402                        |        |
| -                          | 28,994            | 21,614                  | -      | 61,892                          | -                              | 50,608               | 61,892                        |        |
| -                          | 6,515,956         | 1,682,830               | -      | -                               | -                              | 8,198,786            | -                             |        |
| -                          | 27,802            | -                       | -      | -                               | -                              | 27,802               | -                             | Closed |
| -                          | 643,221           | 336,189                 | -      | 190,018                         | -                              | 979,410              | 190,018                       |        |
| -                          | 564,526           | 407,543                 | -      | 1,083,731                       | -                              | 972,069              | 1,083,731                     |        |
| -                          | 83,517            | 55,083                  | -      | -                               | -                              | 138,600              | -                             |        |
| -                          | 32,999            | 3,186                   | -      | 40,655                          | -                              | 36,186               | 40,655                        |        |
| -                          | 27,832            | 30,171                  | -      | 51,997                          | -                              | 64,448               | 45,552                        |        |
| -                          | 1,967             | 18,246                  | -      | 99,671                          | -                              | 20,213               | 99,671                        |        |

# CHICAGO METROPOLITAN AGENCY FOR PLANNING

## COMPUTATION OF FRINGE BENEFIT RATE AND STATEMENT OF FRINGE BENEFITS FOR THE YEAR ENDED JUNE 30, 2008

DRAFT

### Computation of Fringe Benefit Rate:

|                       |              |   |        |
|-----------------------|--------------|---|--------|
| Total fringe benefits | \$ 1,858,871 | = | 35.58% |
| Total salaries        | \$ 5,224,320 |   |        |

### Statement of Fringe Benefits:

|                                |                     |
|--------------------------------|---------------------|
| Dental insurance               | \$ 25,227           |
| Pension and FICA contributions | 1,254,078           |
| Hospitalization insurance      | 472,402             |
| Life insurance                 | 56,852              |
| Vision insurance               | 9,906               |
| Workers' compensation          | 24,640              |
| Unemployment compensation      | 4,205               |
| Other                          | 11,561              |
|                                | <u>\$ 1,858,871</u> |

# CHICAGO METROPOLITAN AGENCY FOR PLANNING

## COMPUTATION OF INDIRECT COST RATE

FOR THE YEAR ENDED JUNE 30, 2008

**DRAFT**

### Total Indirect Costs:

|  |                     |
|--|---------------------|
| Management and administrative salaries and leave | \$ 1,084,756        |
| Other indirect costs                             | <u>2,085,258</u>    |
|  | <u>\$ 3,170,014</u> |

### Total Base Costs:

|  |                     |
|--|---------------------|
| Direct salaries, leave and fringe benefits | <u>\$ 6,760,117</u> |
|--|---------------------|

### Indirect Cost Rate:

|                      |                     |   |               |
|----------------------|---------------------|---|---------------|
| Total indirect costs | <u>\$ 3,170,014</u> | = | <u>46.89%</u> |
| Total base costs     | <u>\$ 6,760,117</u> |   |               |

# CHICAGO METROPOLITAN AGENCY FOR PLANNING

## SCHEDULE OF OTHER INDIRECT COSTS

FOR THE YEAR ENDED JUNE 30, 2008

**DRAFT**

|                              |                     |
|------------------------------|---------------------|
| Auditing services            | 51,999              |
| Bank service charges         | 3,363               |
| Credit Card service charges  | 599                 |
| Commission association dues  | 33,911              |
| Computer charges             | 882                 |
| Conference registration      | -                   |
| Courier services             | 30                  |
| Depreciation                 | 269,820             |
| Employment expenses          | 3,933               |
| Fiscal management expenses   | 11,766              |
| General insurance            | 21,455              |
| Legal services               | 44,987              |
| Meeting expenses             | 7,698               |
| Miscellaneous                | 60,646              |
| Moving expenses              | -                   |
| Noncapitalized equipment     | 1,926               |
| Office equipment lease       | 22,715              |
| Office equipment maintenance | 35,701              |
| Office maintenance           | 6,490               |
| Office photocopy             | 10,926              |
| Office supplies              | 19,325              |
| Outside reproduction         | 4,551               |
| Postage                      | 13,558              |
| Printing supplies            | 3,727               |
| Publications and software    | 169                 |
| Purchase discount            | (23)                |
| Rent                         | 1,278,402           |
| Software                     | -                   |
| Staff training               | 54,256              |
| Staff travel                 | 4,478               |
| Storage                      | 13,246              |
| Subcontractor expense        | 150                 |
| Telephone                    | 59,382              |
| Utilities                    | 45,190              |
|                              | <u>\$ 2,085,258</u> |

**CHICAGO METROPOLITAN AGENCY FOR PLANNING**DESCRIPTION OF GRANTS  
FOR THE YEAR ENDED JUNE 30, 2008**DRAFT**

| <u>CMAP No.</u>  | <u>Pass-through Agency</u> | <u>Grant Number</u> | <u>Description</u>   |
|--|----------------------------|---------------------|--|
| <b><u>Cook County Forest Preserve District</u></b>   |                            |                     |  |
| S-615  |                            | 22009               | Maple Lake Phase 2 Implementation  |
| <b><u>Illinois Conservation Foundation</u></b>   |                            |                     |  |
| S-683  | MPC                        | --                  | Watershed Plan Implementation  |
| <b><u>Illinois Environmental Protection Agency</u></b>   |                            |                     |  |
| S-687  |                            | C20801              | Volunteer Lake Monitoring Program  |
| <b><u>Illinois Department of Natural Resources</u></b>   |                            |                     |  |
| S-664  |                            | OREP6206            | Regional Greenways and Trails Plan   |
| S-665  |                            | CWP007-06           | Lake Biodiversity and Protection Plan Development Pilot Project                                  |
| S-682  |                            | --                  | Northeastern Illinois Regional Water Supply Planning   |
| <b><u>Illinois Department of Transportation</u></b>  |                            |                     |  |
| S-694  |                            | P35-029-07          | Local Crash Data Collection  |
| <b><u>Illinois Institute of Technology</u></b>   |                            |                     |  |
| S-677  |                            | X3-83220401-0       | Multi-Objective Decision Model for Urban Water Use   |
| <b><u>John D. and Catherine T. MacArthur Foundation</u></b>  |                            |                     |  |
| S-660  |                            | 05-85412-000-HCD    | Web Neighborhood Revitalization Community & Public Data Accessibility to Community Organizations |
| S-678  |                            | 06-87843-000-HCD    | Full Circle Community Mapping and Planning Project   |
| <b><u>Northwestern Indiana Regional Planning Commission</u></b>  |                            |                     |  |
| S-684  |                            | --                  | Indiana Region Household Travel Survey   |
| <b><u>United States Department of Agriculture/United States Department of Fish and Wildlife Services</u></b> |                            |                     |  |
| S-658  | ICF                        | FS-0507             | Implementing the Green Infrastructure Vision Project   |
| S-689  | ICF                        | FWS-0701            | Chicago Wilderness Sustainability  |

**CHICAGO METROPOLITAN AGENCY FOR PLANNING**DESCRIPTION OF GRANTS  
FOR THE YEAR ENDED JUNE 30, 2008**DRAFT**

| <u>CMAP No.</u>   | <u>Pass-through Agency</u> | <u>Grant Number</u>                   | <u>Description</u>   |
|---|----------------------------|---------------------------------------|--|
|   |                            |                                       | Team Coordinator   |
| <b><u>United States Environmental Protection Agency</u></b> |                            |                                       |  |
| S-622   | IEPA                       | 31901171                              | Watershed Based Planning<br>Assistance in Northeastern Illinois          |
| S-636   | IEPA                       | 3190414                               | Fox River Watershed Based Planning,<br>Restoration and Protection Action |
| S-639   | IEPA                       | 3190413                               | Watershed Based Plan Upgrades in<br>Northeastern Illinois                |
| S-643   | IEPA                       | 3190415                               | Upper Des Plaines River WRAS<br>Implementation                           |
| S-656   | IEPA                       | 3190513                               | Poplar Creek Watershed Planning,<br>Restoration and Protection           |
| S-673   | IEPA                       | 3190222                               | Long Lake Shoreline Stabilization  |
| S-674   | IEPA                       | 3190604                               | Fox River Watershed Protection,<br>Restoration and Education             |
| S-686   | IEPA                       | 3190329                               | Watershed Planning—Kiswaukee<br>River Basis                              |
| S-692   | IEPA                       | 604081                                | Water Quality Management Planning  |
| S-695   |                            | GL00E356-01-0                         | Lake Michigan Academy  |
| <b><u>United State Department of Transportation</u></b>     |                            |                                       |  |
| S-688   | IDOT                       | MPO-CMAP-UWP<br>PL/FTA-08             | FY 2008 Unified Work Program   |
| S-690   | IDOT                       | MPO-Council of<br>Mayors/PL08         | FY 2008 Council of Mayors  |
| S-691   | IDOT                       | MPO/CMAP 08-09<br>Competitive Program | FY 2008 Unified Work Program -<br>Contracts                              |
| <b><u>Will County</u></b>                                   |                            |                                       |  |
| S-693   | -                          | -                                     | Jackson Creek Watershed Plan   |

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Chairman and Board Members  
Chicago Metropolitan Agency for Planning  
233 South Wacker, Suite 800  
Chicago, Illinois 60606

We have audited the financial statements of the business type activities and remaining fund information of the Chicago Metropolitan Agency for Planning (CMAP) as of and for the year ended June 30, 2008, which collectively comprise CMAP's basic financial statements and have issued our report thereon dated XXXXXX XX, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered CMAP's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CMAP's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CMAP's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects CMAP's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of the CMAP's financial statements that is more than inconsequential will not be prevented or detected by CMAP's internal control over financial reporting. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. These deficiencies are items 2008-1, 2008-2, and 2008-3.



DRAFT

Page 30

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by CMAP's internal control over financial reporting. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies identified above, we consider items 2008-1, 2008-2, and 2008-3 to be material weaknesses.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether CMAP's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

CMAP's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit CMAP's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of CMAP's management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Oak Brook, Illinois  
XXXXXX XX, 2008

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Honorable Chairman and Board Members  
Chicago Metropolitan Agency for Planning  
233 South Wacker, Suite 800  
Chicago, Illinois 60606

**Compliance**

We have audited the compliance of the Chicago Metropolitan Agency for Planning (CMAP) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2008. CMAP's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of CMAP's management. Our responsibility is to express an opinion on CMAP's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CMAP's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on CMAP's compliance with those requirements.

In our opinion, CMAP complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

**Internal Control Over Compliance**

The management of CMAP is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered CMAP's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the CMAP's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2008-4 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item 2008-4 to be a material weakness.

#### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the business-type activities and remaining fund information of CMAP as of and for the year ended June 30, 2008, which collectively comprise the CMAP's basic financial statements and have issued our report thereon dated XXXXXX XX, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise CMAP's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Chicago Metropolitan Agency for Planning's board members, management, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

# CHICAGO METROPOLITAN AGENCY FOR PLANNING

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2008

| Federal Grantor/Pass-through Grantor/Program<br>Title | Federal<br>CFDA<br>Number | Agency or<br>Pass-through<br>Number | Program<br>Award | Federal<br>Expenditures |  |
|---|---------------------------|-------------------------------------|------------------|-------------------------|--|
|   |                           |                                     |                  |                         |  |

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### U.S. Department of Agriculture:

Pass-through programs from:

Illinois Conservation Foundation:  
Chicago Wilderness Implementing  
the Green Infrastructure Vision  
Project

|        |          |    |        |    |        |
|--------|----------|----|--------|----|--------|
| 10.675 | FWS-0507 | \$ | 29,210 | \$ | 13,364 |
|--------|----------|----|--------|----|--------|

### U.S. Department of Commerce:

Pass-through programs from:

U.S. Fish and Wildlife Services -  
Illinois Conservation Foundation:  
Chicago Wilderness Sustainability  
Coordinator

|        |          |    |        |    |        |
|--------|----------|----|--------|----|--------|
| 15.608 | FWS-0701 | \$ | 27,802 | \$ | 27,802 |
|--------|----------|----|--------|----|--------|

### U.S. Environmental Protection Agency:

Direct Programs:

Lake Michigan Capacity Building

|        |               |    |         |    |        |
|--------|---------------|----|---------|----|--------|
| 66.469 | GL-00E35601-0 | \$ | 119,884 | \$ | 20,213 |
|--------|---------------|----|---------|----|--------|

Pass-through programs from:

Illinois Environmental Protection Agency:

Watershed Based Plan Upgrades in

Northeastern Illinois

|        |         |  |         |  |         |
|--------|---------|--|---------|--|---------|
| 66.460 | 3190413 |  | 269,500 |  | 114,141 |
|--------|---------|--|---------|--|---------|

Watershed Based Plan Upgrades in

Northeastern Illinois

|        |          |  |        |  |        |
|--------|----------|--|--------|--|--------|
| 66.460 | 31901171 |  | 67,922 |  | 12,085 |
|--------|----------|--|--------|--|--------|

Watershed Planning to Protect the

Kishwaukee River Basin

|        |         |  |         |  |        |
|--------|---------|--|---------|--|--------|
| 66.460 | 3190171 |  | 130,876 |  | 76,725 |
|--------|---------|--|---------|--|--------|

Long Lake Shoreline Stabilization

Projectg

|        |         |  |         |  |        |
|--------|---------|--|---------|--|--------|
| 66.460 | 3190222 |  | 130,898 |  | 97,100 |
|--------|---------|--|---------|--|--------|

Fox River Watershed Planning,

Restoration, and Protection - Phase 2

|        |         |  |           |  |        |
|--------|---------|--|-----------|--|--------|
| 66.460 | 3190414 |  | 1,224,341 |  | 28,947 |
|--------|---------|--|-----------|--|--------|

Fox River Watershed Planning,

Restoration, and Protection - Phase 3

|        |         |  |           |  |         |
|--------|---------|--|-----------|--|---------|
| 66.460 | 3190604 |  | 2,000,000 |  | 269,488 |
|--------|---------|--|-----------|--|---------|

Poplar Creek Watershed Planning

Restoration, and Protection

|        |         |  |        |  |       |
|--------|---------|--|--------|--|-------|
| 66.460 | 3190513 |  | 52,395 |  | 4,067 |
|--------|---------|--|--------|--|-------|

**Total CFDA #66.460**

|                  |                |
|------------------|----------------|
| <b>3,875,932</b> | <b>602,553</b> |
|------------------|----------------|

Water Quality Management Planning - '08

**Total CFDA #66.454**

|        |              |  |         |  |         |
|--------|--------------|--|---------|--|---------|
| 66.454 | 604061(604b) |  | 138,000 |  | 138,000 |
|--------|--------------|--|---------|--|---------|

|                |                |
|----------------|----------------|
| <b>138,000</b> | <b>138,000</b> |
|----------------|----------------|

**Pass-through programs subtotal**

|                  |                |
|------------------|----------------|
| <b>4,013,932</b> | <b>740,553</b> |
|------------------|----------------|

**Total U.S. Environmental  
Protection Agency**

|                  |                |
|------------------|----------------|
| <b>4,133,816</b> | <b>760,766</b> |
|------------------|----------------|

# CHICAGO METROPOLITAN AGENCY FOR PLANNING

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2008

DRAFT

| Federal Grantor/Pass-through Grantor/Program Title   | Federal CFDA Number | Agency or Pass-through Number | Program Award        | Federal Expenditures |                     |
|--|---------------------|-------------------------------|----------------------|----------------------|---------------------|
| <b>U.S. Department of Transportation:</b>  |                     |                               |                      |                      |                     |
| Pass-through programs from:  |                     |                               |                      |                      |                     |
| Illinois Department of Transportation:   |                     |                               |                      |                      |                     |
| Council of Mayors  | 20.205              | MPO/CMAP PL 08                | \$ 1,169,428         | \$                   | 979,410             |
| Unified Work Program for Planning and Programming Conduct 3-C Transportation Planning Activities | 20.205              | MPO/CMAPUWP/PL /FTA08         | 8,198,786            |                      | 8,198,786           |
| Unified Work Program Consulting Services   | 20.205              | MPO-NIPC-SPR 07               | 2,055,800            |                      | 972,069             |
| <b>Total CFDA # 20.205</b>   |                     |                               | <b>11,424,014</b>    |                      | <b>10,150,265 *</b> |
| <b>Total U.S. Department of Transportation</b>   |                     |                               | <b>11,424,014</b>    |                      | <b>10,150,265</b>   |
| <b>Total federal awards</b>  |                     |                               | <b>\$ 15,614,842</b> | <b>\$</b>            | <b>10,952,197</b>   |

\* Denotes major program.

**CHICAGO METROPOLITAN AGENCY FOR PLANNING**  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2008

**DRAFT**

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity and pass-through grant activity of Chicago Metropolitan Agency for Planning, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**2. Subrecipients**

For the year ended June 30, 2008, Chicago Metropolitan Agency for Planning provided the federal awards to subrecipients as follows:

| <i>Program Title</i>   | <i>Federal<br/>CFDA<br/>Number</i> | <i>Amount<br/>Provided to<br/>Subrecipients</i> |
|--|------------------------------------|---|
| Watershed Based Plan<br>Upgrades   | 66.460                             | \$424,217                                       |
| Chicago Wilderness<br>Implementing the Green<br>Infrastructure Vision<br>Project | 10.675                             | \$2,550   |
| United Work Program  | 20.205                             | \$979,046                                       |

**3. Nonmonetary Assistance**

Chicago Metropolitan Agency for Planning neither received nor disbursed federal awards in the form of nonmonetary assistance during the fiscal year ended June 30, 2008.

**4. Insurance and Loans or Loan Guarantees**

During the year ended June 30, 2008, Chicago Metropolitan Agency for Planning received no insurance, loans, loan guarantees or other federal assistance for the purpose of administering federal programs.

**5. Oversight Agency**

The U.S. Environmental Protection Agency has been designated as the Agency's oversight agency for the single audit.

**CHICAGO METROPOLITAN AGENCY FOR PLANNING**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
JUNE 30, 2008

**DRAFT**

**I. Summary of Audit Results**

***FINANCIAL STATEMENTS***

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified?        X      yes              no
- Significant deficiencies identified that  
are not considered to be material  
weaknesses?                yes      X      none reported

Noncompliance material to basic financial  
statements noted?                yes      X      no

***FEDERAL AWARDS***

Internal control over major programs:

- Material weakness(es) identified?        X      yes              no
- Significant deficiencies identified that  
are not considered to be material  
weakness(es)?                yes      X      none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are  
required to be reported in accordance with  
section 510(a) of Circular A-133?                yes      X      no

Federal Programs

Auditee qualified as low-risk auditee?                yes      X      no

Identification of major federal programs:

CFDA Number(s)(C)

20.205

Name of Federal Program or Cluster

Highway Planning and Construction (Federal Aid  
Highway Program)

Dollar threshold used to distinguish  
between type A and type B programs:

\$300,000

**CHICAGO METROPOLITAN AGENCY FOR PLANNING**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
JUNE 30, 2008

**DRAFT**

**II. Financial Statement Findings**

***Finding 2008-1: Internal Controls***

**Criteria:** A properly designed and implemented system of controls must be in place to prevent or detect material misstatements of the financial statements.

**Condition:** The Agency has material weaknesses in internal control over its cash disbursement cycle, payroll cycle, cash receipts cycle, reconciliation processes, and over its entity level controls

**Context:** In the course of our audit, we assessed the design and effectiveness of the Agency's internal controls over its major transaction cycles. The Agency's internal control structure was measured against the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework. Our assessment indicated instances where certain controls in a transaction cycle were either missing, ineffectively designed or ineffectively implemented.

**Effect:** A material misstatement of the financial statements could occur.

**Cause:** Many of the control deficiencies were caused by a lack of segregation of duties.

**Recommendation:** We recommend that management review its internal controls to determine which controls could be implemented to strengthen the controls of the Agency.

**Management Response:** The auditor identified controls related to reconciling the accounts payable ledger to the trial balance, reconciling the accounts payable general ledger accounts and actual cash disbursements, distribution of paychecks, review of journal entries, and documenting review of reconciliations and reviews of trial balance. As noted in the auditor's review, control procedures had been implemented in January 2008 regarding these transactions. No other action is required.

Deficiencies were noted of the financial software and the lack of segregation of duties in the payroll department. Management has recognized these issues in 2007, determined that different financial software was required, conducted procurement and is in the process of installing the new software. It is projected the new software will be fully operational on July 1, 2009. Segregation of duties will be assigned with the new software installation.

New procedures have been implemented to segregate duties over the cash receipts and revenue recording process, establishing a Risk Assessment Committee, and documentation of procedures for non-routine transactions.



**CHICAGO METROPOLITAN AGENCY FOR PLANNING**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
JUNE 30, 2008

**DRAFT**

**II. Financial Statement Findings (cont.)**

***Finding 2008-2: Internal Control over Financial Reporting***

**Criteria:** The Agency must have functioning internal controls over external financial reporting.

**Condition:** Currently, the Agency relies upon its auditors to prepare its external financial statements. Material audit entries were also required for the financial statements to be properly stated as of June 30, 2008.

**Context:** We prepared the financial statements for the year ending June 30, 2008. Also, material adjusting entries were required to reconcile the trial balance for the period ending June 30, 2008, to reverse cash transfers which had not occurred as of June 30, 2008, to reconcile beginning net assets, and to adjust accounts payable, and to adjust accounts receivable.

**Effect:** Material errors of the financial statements were not detected.

**Cause:** This finding was caused by insufficient internal controls over the external financial reporting process.

**Recommendation:** We recommend that management evaluate its internal controls over the financial reporting process and determine if it is feasible for management to implement additional internal controls in this area.

**Management Response:** As stated by Virchow Krause & Co., this high level of internal control over financial reporting is a difficult task for governments, especially since most governments operate with only enough staff to process monthly transactions and reports, and often rely on their auditors to prepare certain year end entries and financial reporting. This continues to describe CMAP. As stated in last year's audit, Management understands the importance of financial statement preparation. However, due to time and resources, it will continue to rely upon its auditors to prepare its yearly financial statements.

***Finding 2008-3: Information Technology***

**Criteria:** The Agency must have functioning internal controls over information technology.

**Condition:** Material weaknesses in internal control over information technology were found during our audit.

**Context:** Currently, the Agency has some logical restrictions in place, such as requiring a unique user ID and password to access the accounting software system, Solomon. Best practices indicate that other steps could be taken to further ensure the integrity of the data. Passwords should be changed periodically, especially those used to access the accounting software package. They should also meet the industry standards for length, expiration, characters, and history (passwords cannot be alternated).

**CHICAGO METROPOLITAN AGENCY FOR PLANNING**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
JUNE 30, 2008

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**DRAFT**

**II. Financial Statement Findings (cont.)**

***Finding 2008-3: Information Technology (cont.)***

In addition to having strong passwords, the Agency should also strive to review access to the Agency's IT systems to detect any unauthorized access of the Agency's system. User history should be monitored at least monthly for the Agency's systems. As well as monitoring access to the Agency's IT system, the Agency should also have a formalized procedure for identifying those individuals who are authorized to access the IT systems.

The Agency's IT software and hardware are located within the Agency's offices. Currently, anyone in the Agency who has a master key has access to the server room. Also, building staff of the Sears Tower also have master keys which can access the server room. The Agency should consider locked server towers to provide additional security.

**Effect:** Weaknesses in internal control over information technology could result in system errors or the compromise of the Agency's systems and thus impact the financial information of the Agency.

**Cause:** This finding was caused by weaknesses in the information technology systems and procedures.

**Recommendation:** We recommend that management evaluate their internal controls over information technology and develop controls to prevent and detect system errors or breaches. Management or information technology staff may consider seeking additional training in this area.

**Management Response:** Procedures will be developed which require users for Solomon to change passwords every six weeks. CMAP IT management will develop a quarterly monitoring procedure of who has accessed the IT systems. Installation of locked glass doors to the server towers will be completed as soon as possible.

**CHICAGO METROPOLITAN AGENCY FOR PLANNING**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
JUNE 30, 2008

**DRAFT**

**III. Federal Findings and Questioned Costs**

***Finding 2008-4: Internal Control over Allowable Cost Principles***

**Criteria:** A proper system of controls must be established in order to assure that the Agency is in compliance with the Allowable Cost Principles compliance requirement.

**Condition:** During our review of the Agency's cost allocation rates, it was found that there was no documented approval of the cost allocation rates that management used to allocate personnel expenses such as fringe benefits, vacation time, sick time, jury duty, and holiday time.

**Context:** During our audit, we noted there was no documentation of the approval over the cost allocation rates for personnel expenses such as fringe benefits, vacation time, sick time, jury duty, and holiday time. These rates had been calculated by personnel no longer with the Agency, and no documentation of the calculation or approval had been retained. It was determined that the cost allocation rates appeared reasonable for the costs incurred.

**Effect:** Lack of these controls could result in noncompliance with the allowable cost principles compliance requirement.

**Cause:** This finding was caused by turnover in the finance department.

**Recommendation:** We recommend that all cost allocation rates are approved by someone other than their preparer. This approval should be documented. We also recommend that the Agency retain documentation to support the calculation of these cost allocation rates.

**Management Response:** The fiscal year 2008 the indirect rate was approved by the Board of Directors when it adopted the annual budget. The cost allocation rates for personnel expenses were not documented by the previous finance manager. For fiscal year 2009, procedures have been implemented to document the cost allocation rates calculation and approval.

**IV. Summary Schedule of Prior Audit Findings**

There were no prior audit findings.

**CHICAGO METROPOLITAN AGENCY FOR PLANNING**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
JUNE 30, 2008

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**DRAFT**

**V. Corrective Action Plan**

***Finding 2008-4: Internal Control over Allowable Cost Principles***

**Condition:** During our review of the Agency's cost allocation rates, it was found that there was no documented approval of the cost allocation rates that management used to allocate personnel expenses such as fringe benefits, vacation time, sick time, jury duty, and holiday time.

**Corrective Action Plan:** For fiscal year 2009, procedures have been implemented to document the cost allocation rates calculation and approval.